

# INTERNAL AUDIT

## DESCRIPTION

The Department of Internal Audit serves as an independent review and evaluation service function to conduct and evaluate financial, performance, and data processing audits of programs, functions, and activities as a service to county & school board management. The Director of Internal Audit reports to the County Administrator for overall policy guidance and to the Deputy County Administrator of Management Services for administrative supervision. The department has the responsibility to conduct audits of all departments, agencies, and activities as stipulated by the County Code, Chapter 6.12 to independently determine if activities are in compliance.

At the beginning of each fiscal year, the Office of Internal Audit develops an audit plan based on risk assessments and submits it to the County

Administrator and school superintendent for review and approval. Audits are conducted throughout the year based on this plan. In addition to scheduled audits, special examinations that are not included in the annual audit plan are often performed at management's request.

The Office of Internal Audit has primary responsibilities in investigations of fraud, waste, and abuse. Additionally, the Office of Internal Audit conducts fraud prevention and internal control training to county and school employees to promote sound controls and a government with high ethics and integrity. The office also plays a key role in quality efforts as it pertains to strategic planning and the reporting of performance outcomes on strategic goals.

## FINANCIAL ACTIVITY

	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>		<b>Change</b>			
	<b>Actual</b>	<b>Adopted</b>	<b>Biennial</b>	<b>FY2004</b>	<b>FY2003 to</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>
			<b>Planned</b>	<b>Adopted</b>	<b>FY2004</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
<b>Personnel</b>	\$482,902	\$505,700	\$505,700	\$518,300	2.5%	\$518,300	\$518,300	\$518,300
<b>Operating</b>	27,351	28,900	28,900	30,100	4.2%	30,100	30,100	30,100
<b>Capital</b>	<u>1,321</u>	<u>900</u>	<u>900</u>	<u>0</u>	-100.0%	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	\$511,575	\$535,500	\$535,500	\$548,400	2.4%	\$548,400	\$548,400	\$548,400
<b>Revenue</b>	<u>2,959</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	0.0%	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>
<b>Net Cost</b>	\$508,616	\$533,000	\$533,000	\$545,900	2.4%	\$545,900	\$545,900	\$545,900
<b>FT Pos.</b>	7	7	7	7	0	7	7	7

## BUDGET ANALYSIS AND EVALUATION

The department's performance and service levels are well documented in the Office of Internal Audit FY2002 Annual Report Card. This report consistently shows a high payback to the citizens for the budget allocated to the Internal Audit Department. Recent benchmarking efforts with other state and national local government internal audit departments indicate that the department is operating at a high level of productivity.

The department's financial status is very stable. The Internal Audit Department has always been able to manage its funds within budgeted resources by closely monitoring spending throughout the year. Due to countywide budget constraints, no additional funds were requested for FY2004. Current staffing levels include five auditors and one full-time administrative position funded through the county's general fund and one full-time auditor funded from the school board's operating budget.

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Since FY2000, the audit department has maintained responsibility for producing the county's strategic planning report. This document shows outcomes on

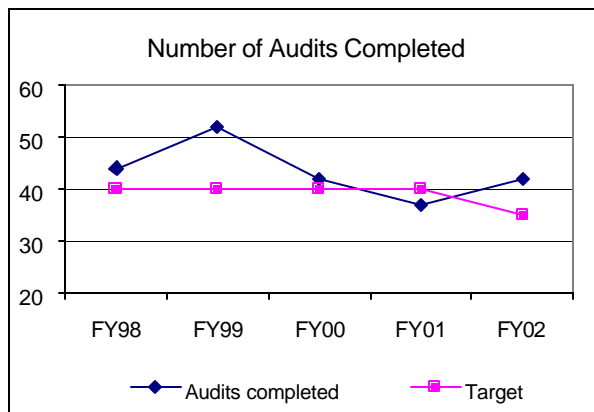
over 80 key measures as they pertain to the county's eight strategic goals.

## HOW ARE WE DOING?

**Goal:** To help lead the county and school board efforts to achieve their missions, goals, and objectives through excellence in internal audit services. Supports all countywide strategic goals

**Objective:** To develop and implement the audit plan

**Measure:** Number of audits completed



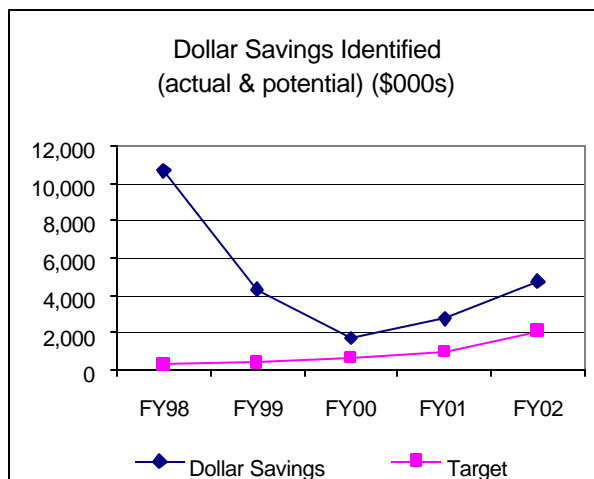
### Initiatives

- Annual risk assessment process
- Three-year audit plan
- Ten-week audit schedule
- Individual audit hours budgets
- Departmental time reporting system
- Quarterly tracking of performance measures

**Goal:** To help lead the county and school board efforts to achieve their missions, goals, and objectives through excellence in internal audit services. Supports countywide strategic goal number 1

**Objective:** To identify areas of cost savings, efficiency, and effectiveness

**Measure:** Total dollar savings identified (actual & potential)



### Initiatives

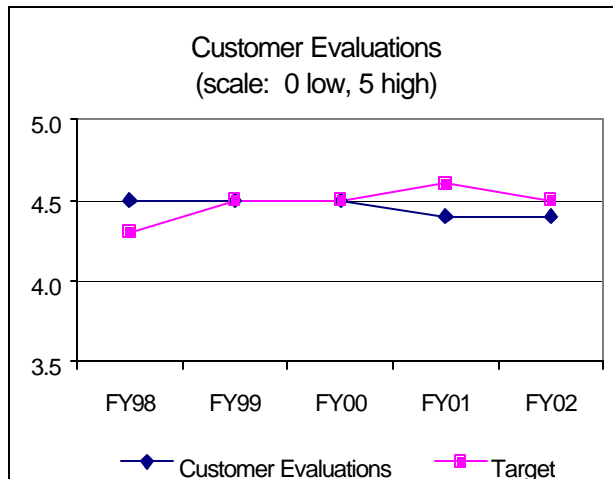
- Audit scheduling of high payback areas
- Quarterly tracking of performance measures
- Audit assistance provided

# INTERNAL AUDIT

**Goal:** To help lead the county and school board efforts to achieve their missions, goals, and objectives through excellence in internal audit services. Supports countywide strategic goal number 2

**Objective:** Provide excellent customer service

**Measure:** Customer evaluations



## Initiatives

- Customer evaluation surveys
- Customer service standards

## WHERE ARE WE GOING?

The Internal Audit Department is continually being requested to perform special projects or unscheduled audits. This is a positive indication that the department's services are essential. Additionally, the areas of audit continue to grow as the county and school systems expand. Increased special projects, unscheduled audits, and audit responsibilities impact the department's ability to complete its scheduled audit plan and audit some high-risk areas. Currently, there exists a shortage of three audit positions to meet the scheduled three-year audit cycle. It will be difficult for the department to complete an increasing number of audits unless there is a corresponding increase in resources.

The department will, however, continue to rely on existing resources in the areas of greatest impact. While this leaves some areas unaudited, it helps to focus on high-risk areas. The department is currently exploring the possibility of establishing a consulting team to handle special projects and consulting services. This will allow the department to provide adequate audit coverage to the county and schools. However, continued demand on audit resources will likely result in a request for additional staff to supply adequate services over the next two to five years.